EX PARTE OR LATE FILED

DOCKET FILE COPY ORIGINAL

Sprint

Pete Sywenki
Director, Federal Regulatory Relations

Law & External Affairs
1850 M Street, NW, Suite 1100
Washington, DC 20036
Voice 202 828 7452
Fax 202 296 3469
pete.n.sywenki@mail.sprint.com

EX PARTE

June 11, 1998

RECEIVED
JUN 12 1998
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary - Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

RE: CC Docket Nos. 96-45 and 97-160

Dear Ms. Salas,

This letter is being provided to notify you that on June 10, 1998, two meetings were held with members of the FCC staff with regard to the above referenced dockets. In attendance for the first meeting from the FCC were Bob Loube, Brian Clopton, Abdel Eqab, Matt Vitale, Richard Smith, Natalie Wales, Brad Wimmer, Katy King, and Holly Smith. Representing Sprint were Kent Dickerson, Brian Staihr, Jim Sichter, and Pete Sywenki. The purpose of this meeting was to provide and discuss Sprint Local Telephone Company specific proxy cost model inputs for structure costs. Attached to this letter are the materials that were discussed in the meeting.

In the second meeting, the FCC attendees were Chuck Keller, Craig Brown, Jeff Prisbrey, Brian Clopton, Brad Wimmer, Natalie Wales, Bob Loube, Holly Smith, and Katy King. Representing the Benchmark Cost Proxy Model sponsors were Glenn Brown of US WEST, Whit Jordan of BellSouth, and Jim Sichter, Brian Staihr, Kent Dickerson, and Pete Sywenki of Sprint. The purpose of the second meeting was to discuss the resolution of the proxy cost model platform issues that are currently before the FCC in the above referenced dockets. We discussed the need for the FCC to resolve lingering platform issues and alternatives to bring about FCC adoption of a model platform. In this regard we discussed enlisting USAC as the Universal Service Fund administrator to assume the responsibility of overseeing any further model development that the FCC deems necessary.

The original and three copies of this notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(b)(1) of the Commission's rules. If there are any questions, please call.

Sincerely,

Pete Sywenki

Pete Sywenki

Attachment

cc:

Craig Brown	Brian Clopton	Chuck Keller
Bob Loube	Richard Smith	Holly Smith
Natalie Wales	Matt Vitale	Abdel Eqab
Brad Wimmer	Jeff Prisbrey	Katy King
Jim Schlichting		

Sprint Local Telephone Companies

Structure Cost Comparison Benchmark Cost Proxy Model

Kent Dickerson

Director - Cost Support

Telephone #: 913-624-1664

Sprint-LTD

Structure Cost Definition

Structure Costs are those costs related to the placement of support facilities for Aerial, Buried and Underground outside plant facilities.

- Aerial structure consists of poles, anchors, and guys which support the associated cable.

- Buried and Underground structure consists of the trench into which cable or conduit is placed.

- Underground structure also includes the manhole and conduit system housing the cable.

Structure Cost Development

Structure Cost inputs used in Sprint LTD filings were based on the most current company-specific information available.

- FCC May 8,1998 USF order, footnote 573: "In using the term 'forward-looking economic cost', we mean the cost of producing services using the least cost, most efficient, and reasonable technology currently available for purchase with all inputs valued at current prices."

- Company-specific inputs better reflect the actual costs and conditions encountered by an efficient provider of telephone service in specific serving areas.

Structure Cost variances across Sprint LTD

Buried/Underground (Normal Terrain):

State/Company	Plow	Trench & Backfill	Rocky Trench	Cut & Restore Asphalt	Cut & Restore Concrete
Florida	1.90	1.90	1.90	12.63	15.37
Nevada*	N/A	8.89	8.89	16.97	25.27
North Carolina	1.14	2.22	4.18	14.45	14.33
Tennessee	1.41	1.64	2.56	15.12	18.68
Texas-Central	1.01	1.73	7.50	12.14	16.68
Texas-United	1.06	1.64	7.29	11.50	16.75
Default	1.14	2.27	4.22	8.72	9.63

* Nevada terrain is predominantly SoftRock as defined by BCPM.

Structure Cost variances across Sprint LTD

Aerial (Normal Terrain):

State/Company	Pole Material	Pole Installation	Anchor & Guy Material	Anchor & Guy Installation
Florida	255.00	294.00	68.00	209.00
Nevada	431.03	234.33	102.98	145.52
North Carolina	291.40	159.46	33.56	142.49
Tennessee	355.75	233.24	53.67	142.92
Texas-Central	275.43	124.38	71.90	71.25
Texas-United	275.43	118.38	71.90	70.19
Default	368.17	358.58	68.00	255.00

Structure Activity variances across Sprint LTD

Underground Feeder (Normal Terrain; 6-100 Density Group):

State/Company	Trench & Backfill	Rocky Trench	Backhoe Trench	Hand Dig Trench	Boring	-----Cut & Restore---- Asphalt	Concrete	Sod
Florida	96.39%	0.00%	0.00%	0.00%	0.43%	0.67%	0.13%	2.38%
Nevada	0.00%	0.00%	56.00%	0.00%	0.00%	42.00%	2.00%	0.00%
North Carolina	71.00%	0.00%	19.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Tennessee	95.00%	0.00%	0.00%	0.00%	1.00%	0.00%	0.00%	4.00%
Texas-Central	83.00%	8.00%	5.00%	2.00%	2.00%	0.00%	0.00%	0.00%
Texas-United	89.00%	0.00%	4.00%	5.00%	2.00%	0.00%	0.00%	0.00%
Default	71.00%	0.00%	19.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Structure Activity variances across Sprint LTD

Buried Feeder (Normal Terrain; 651-850 Density Group):

State/Company	Plow	Trench & Backfill	Backhoe Trench	Hand Dig Trench	Bore Cable*	-----Cut & Restore---- Asphalt	Concrete	Sod
Florida	91.43%	0.00%	0.00%	0.00%	4.73%	0.83%	1.13%	1.88%
Nevada	0.00%	0.00%	72.00%	0.00%	1.00%	22.00%	5.00%	0.00%
North Carolina	15.00%	26.00%	11.00%	6.00%	7.00%	13.00%	12.00%	10.00%
Tennessee	36.00%	50.00%	0.00%	0.00%	4.00%	5.00%	0.00%	5.00%
Texas-Central	1.00%	43.00%	21.00%	18.00%	5.00%	6.00%	6.00%	0.00%
Texas-United	86.00%	2.00%	5.00%	5.00%	2.00%	0.00%	0.00%	0.00%
Default	15.00%	26.00%	11.00%	6.00%	7.00%	13.00%	12.00%	10.00%

* Includes Push Pipe/Pull Cable activity

Structure Activity variances across Sprint LTD

Buried Distribution (Normal Terrain; 851-2550 Density Group):

State/Company	Plow	Trench & Backfill	Backhoe Trench	Hand Dig Trench	Bore Cable*	-----Cut & Restore---- Asphalt	Concrete	Sod
Florida	90.94%	0.00%	0.00%	0.00%	4.97%	0.90%	1.47%	1.73%
Nevada	0.00%	0.00%	69.00%	0.00%	0.00%	25.00%	6.00%	0.00%
North Carolina	20.00%	20.00%	2.00%	6.00%	7.00%	13.00%	12.00%	20.00%
Tennessee	19.00%	64.00%	0.00%	0.00%	5.00%	7.00%	0.00%	5.00%
Texas-Central	3.00%	35.00%	20.00%	25.00%	5.00%	6.00%	6.00%	0.00%
Texas-United	86.00%	2.00%	5.00%	5.00%	2.00%	0.00%	0.00%	0.00%
Default	20.00%	20.00%	2.00%	6.00%	7.00%	13.00%	12.00%	20.00%

* Includes Push Pipe/Pull Cable activity

Structure Cost/Activity Differences

- Local Construction practices
  - Requirements of other entities may affect the cost of construction (separation from other utilities, setbacks from rights-of-way, or placement depths)
  - Construction techniques not customary in an area may be more expensive than the usual techniques (for example, Cable Boring)

- Competitive environment among contractors in serving territory
  - Areas with a large number of competitors for the work should have lower costs than those areas with few competitors
  - Areas with high construction activity (such as Las Vegas) will tend to have higher costs than areas without as much construction - contractors will charge higher prices if there is more demand for their services

- Terrain/Surface Conditions
  - Construction in rocky areas such as Las Vegas is more expensive than that in areas with easier terrain (e.g., Florida or Texas)
  - Soil conditions may necessitate more use of costlier construction techniques

- Density of serving territory
  - Highly dense, urban areas have higher costs than less dense areas because of governmental requirements, time restrictions, or easement issues

Structure Cost/Activity Differences

- Contract Labor Cost Differences
  - Regional labor costs vary across the country (for example, labor costs in urban Las Vegas are higher than those in rural North Carolina)
  - Larger companies may negotiate more favorable prices from contractors

Structure Sharing variances across Sprint LTD

Underground Feeder (All Terrain types):

State/Company	0-5	6-100	101-200	201-650	651-850	851-2550	2551-5000	5001-10000	>10001
Florida	100.0%	97.5%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Nevada	100.0%	98.0%	95.0%	93.0%	90.0%	90.0%	85.0%	85.0%	85.0%
North Carolina	100.0%	97.5%	95.0%	92.5%	90.0%	90.0%	85.0%	85.0%	85.0%
Tennessee	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.0%	99.0%	99.0%
Texas-Central	100.0%	97.5%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Texas-United	100.0%	97.5%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Default	100.0%	97.5%	95.0%	92.5%	90.0%	90.0%	85.0%	85.0%	85.0%

Note: Percentages reflect the amount assigned to telephone operations.

Structure Sharing variances across Sprint LTD

Underground Distribution (All Terrain types):

State/Company	0-5	6-100	101-200	201-650	651-850	851-2550	2551-5000	5001-10000	>10001
Florida	100.0%	95.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Nevada	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
North Carolina	100.0%	95.0%	90.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Tennessee	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Texas-Central	100.0%	95.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Texas-United	100.0%	95.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Default	100.0%	95.0%	90.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%

Note: Percentages reflect the amount assigned to telephone operations.
Percentages apply only to non-plow activities (plowing is 100% assigned to telephone).

Structure Sharing variances across Sprint LTD

Buried Feeder (All Terrain types):

State/Company	0-5	6-100	101-200	201-650	651-850	851-2550	2551-5000	5001-10000	>10001
Florida	100.0%	97.5%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Nevada	100.0%	98.0%	95.0%	93.0%	90.0%	90.0%	85.0%	85.0%	85.0%
North Carolina	100.0%	97.5%	95.0%	92.5%	90.0%	90.0%	85.0%	85.0%	85.0%
Tennessee	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Texas-Central	100.0%	97.5%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Texas-United	100.0%	97.5%	95.0%	92.5%	92.5%	92.5%	92.5%	92.5%	92.5%
Default	100.0%	97.5%	95.0%	92.5%	90.0%	90.0%	85.0%	85.0%	85.0%

Note: Percentages reflect the amount assigned to telephone operations.

Structure Sharing variances across Sprint LTD

Buried Distribution (All Terrain types):

State/Company	0-5	6-100	101-200	201-650	651-850	851-2550	2551-5000	5001-10000	>10001
Florida	100.0%	95.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Nevada	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
North Carolina	100.0%	95.0%	90.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Tennessee	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
Texas-Central	100.0%	95.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Texas-United	100.0%	95.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Default	100.0%	95.0%	90.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%

Note: Percentages reflect the amount assigned to telephone operations.
Percentages apply only to non-plow activities (plowing is 100% assigned to telephone).

Structure Sharing variances across Sprint LTD

Aerial Feeder and Distribution (All Terrain types):

	Feeder		Distribution	
State/Company	Poles	Anchors & Guys	Poles	Anchors &Guys
Florida	30.0%	100.0%	30.0%	100.0%
Nevada	34.0%	100.0%	34.0%	100.0%
North Carolina	50.0%	100.0%	50.0%	100.0%
Tennessee	48.1%	100.0%	48.1%	100.0%
Texas-Central	21.7%	100.0%	21.7%	100.0%
Texas-United	28.2%	100.0%	28.2%	100.0%
Default	50.0%	100.0%	50.0%	100.0%

Note: Percentages reflect the amount assigned to telephone operations.

Structure Sharing Differences

- Limited opportunities for structure sharing with power and cable companies
  - Timing and work coordination: all companies must be willing to place facilities at the same time at specific locations
  - Safety/Available Space: required separation must be maintained from power cables, requiring wider or deeper trenches which are costlier

- Sharing is further restricted in feeder routes since power and cable facility locations do not always correspond with telephone facilities

- Distribution plant sharing is affected by state or municipal regulations which require other entities to bear the cost of trenching (i.e., in Nevada, developers are required to open trenches for utilities' use in new subdivisions)

- Buried structure sharing is restricted to the initial time at which the trench is opened

- Variation in Aerial plant sharing across companies is due primarily to the proportion of telephone company-owned poles to total poles used (the percentage assigned to telephone increases as the number of owned poles increases)

Conclusion

- Variability of costs across Sprint's serving territories points out the need for state- or region-specific structure cost inputs
- National default inputs are not the best measure of the true costs of an efficient provider in specific geographic areas
- The appropriate basis for cost inputs are the costs actually being incurred in the region or state currently